

MILTON

COMMUNITY UPDATE



PROPOSED MILLAGE RATE

This week the City of Milton will publish the legal notice for its proposed millage rate for 2018. The proposed millage rate, which has been the same for the past 11 years, is recommended to remain at 4.731 mills. Residents will have the opportunity to attend three separate public hearings — August 6, 2018 at 9:00 AM, August 6, 2018 at 6:00 PM and August 13, 2018 at 5:45 PM — to learn more about why the City is proposing to maintain its millage rate for 2018 and to offer public input and comment. However, the City of Milton wants to offer some preliminary insights that may help address residents' questions in advance and provide for more productive public hearings.

Many residents may naturally be asking, “With increased assessed property values, why aren’t we rolling back our millage rate?”

First and foremost, we want to reassure our residents that Milton takes a fiscally conservative approach to its revenues and expenditures, and it is never our intent to drive additional revenues just for the sake of adding to city coffers. Our focus has always been to ensure the city has adequate revenues to provide the mandated city services required by our City Charter, and to provide those services at a level our residents have come to expect from their city government over the last 11 years.



There are several reasons why Milton believes it is in the City’s best interest to maintain its millage rate for 2018:



Impact to the City’s capital improvements

You may recall that the 2017 property tax assessment issue resulted in the Georgia Department of Revenue (DOR) rejecting the 2017 Fulton County tax digest, and Fulton County filing a lawsuit in response. While Fulton County has withdrawn that suit and has since worked to address DOR concerns and resubmitted the 2017 tax digest to the state for approval, as of this update, we still do not have a certified tax digest for 2017.

As a result of these issues, the City of Milton had to change how we have historically reported revenues. We normally accounted for property tax revenues within the same fiscal year. However, due to the unresolved 2017 tax digest issue and city staff concerns regarding a similar occurrence in the future, the City’s finance team recommended Milton change when it accounts for property taxes to the next fiscal year. To accomplish this shift in policy, it meant that Milton had to defer a number of 2017 capital improvement projects to account for the required 2017 budget reallocation.

Deferred projects included:

- Scheduled replacement of police vehicles and fire apparatus;
- Annual pavement management projects;
- Replacement of self-contained breathing apparatus units for fire; and
- Seed money for Providence Park improvements.



Milton has historically been on a pay-go system which means we pay for capital improvement projects by building up funding year-to-year until the project is funded rather than taking on long-term public debt through bonds.

Challenges of a capped millage rate

The City of Milton's enabling state legislation capped the City's millage rate at 4.731. That same incorporation legislation outlined the city services the new city (Milton) would provide — fire, police, community development, public works, and parks and recreation. In order to incorporate, the city had to have sufficient property tax revenues to provide those core city services and maintain existing assets at a minimum. It would not necessarily account for new infrastructure or community assets. And in our case, a fiscally conservative pay-as-you-go (pay-go) system requires us to also provide for long-term capital projects using those same revenues. For example:

- If not for the passage of the Fulton County Transportation Special Purpose Local Option Sales Tax (TSPLOST) and the additional revenues generated by this short-term sales tax, the City of Milton would not have been able to expedite the numerous transportation projects and improvements that are now kicking off and other transportation projects you will see starting in the coming months.
- More sidewalks have been regularly requested by residents and the city proactively completed a prioritized list of its sidewalk needs, but the actual build-out of that sidewalk system is a bit more challenging given our limited revenues for capital improvements in a normal tax year.
- Additional park facilities including active sports fields and more trails have been requested and identified as a community need through various citizen surveys. However, the City's ability to provide this level of capital improvement requires strategic long-term capital planning and savings to execute.



Milton's capped millage rate is particularly challenging for our community considering that we have a limited commercial footprint for increasing our tax base, and our overall community vision is focused on controlled growth and the desire to retain our rural character. Historically, commercial properties have comprised approximately 15% of Milton's total tax digest and only 2% of our land area is planned for commercial development.

Unknown long-term fiscal impacts of proposed homestead exemption referendum

House Bill 710 was passed during the 2018 legislative session. It allows Milton residents to vote on a November referendum that provides for a new homestead exemption designed to address the significant property tax increases recently seen, as well as limit future property assessment increases. If approved by Milton voters, the measure would take effect next year (2019) and would substantially eliminate the increase in property taxes caused by the sudden spike in tax assessments this year. We believe the 2018 17.37% is a one-time increase and we do not know how the adoption of this proposed homestead exemption will impact our property tax revenues long-term.

Considering the Fulton County Board of Assessors has acknowledged that the appraiser's office failed to keep up with rising property values since the recession, this means that the homestead exemption, as calculated in House Bill 710, could lead to artificially lower assessed values which could impact Milton's long-term revenue collections. That's why we believe it is important to maintain the millage rate for this year, until our finance department can see the actual homestead exemption's financial impact (if passed). Based on that real-time data, we are better positioned to modify the millage rate accordingly in 2019.

2018 final assessment appeal data not available

Since Fulton County assessments were mailed late again in 2018, Milton does not have final Fulton County appeal data available as we begin the FY2019 budget process. Therefore, we must base our city budget off of estimated collection rates.

We believe maintaining the existing millage rate in 2018 is a conservative and responsible approach to city finances, considering the several factors beyond the city's control. It allows us to move forward with those 2017 deferred capital projects, ensures compliance with our fiscal policy regarding reserves, and takes a conservative fiscal approach during an uncertain time with numerous unknowns (i.e. the unresolved final 2017 tax digest and potential financial impact of the proposed homestead exemption).



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